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SUBJECT: VICE PRESIDENT'S MEETING WITH PM ERDOGAN

Classified By: AMBASSADOR ROSS WILSON FOR REASONS 1.4 (B) AND (D)

Mr. Vice President,

11. (C) Your planned September 6 meeting with Turkish PM Erdogan offers an opportunity to consult on five sets of issues: Georgia and the Caucasus, energy, Iran, Iraq, and the need for renewed Turkish reform. Erdogan is in confident form following relative victory in the closure case against the AKP and a much needed vacation. He and the country are anxious about regional instabilities and look especially for clear indications as to the US strategy for Russia and how it relates to Turkey.
Georgia/Russia/Caucasus

12. (S) Georgia is the principal focus here now. Erdogan advisors express to us acute concern about finding yet another combustible problem on a border fraught with flammables in Syria/the Middle East, Iraq and Iran. They recognize that the implications of revived, Cold War-like confrontation with Russia are far worse for their country than even the on-going problems in Iraq. Erdogan was reportedly flustered when President Saakashvili told him "victory is in sight" in South Ossetia during a phone call shortly after fighting broke out in early August. While they recognize that action against Georgia aims to thwart NATO and Western interests there and to reassert Russian dominance in the former USSR, the Turks also blame Saakashvili for recklessly taking the bait and endangering others' vital interests without prior consultation. Fears about wider instability in the Caucasus, vulnerability to dependence on Russia for energy and for trade access to Central Asia, and the possibility of again becoming deeply dependent upon the US in a revived confrontation with Moscow have led Ankara to search for political ways of defusing the crisis. The same caution had made Turkey hesitant with us.

13. (S) Two specifics bear highlighting. (1) Days after Russia's invasion, Erdogan publicly revived a 1990s proposal by then-President Demirel to create a Caucasus Stability and Cooperation Platform (CSCP) that would include Turkey, Russia, Armenia, Azerbaijan and Georgia. Turkish authorities saw this as a way to get the parties talking, require recognition of one Georgia (there would be no separate seats for South Ossetia or Abkhazia), and engineer a four versus one dynamic that might moderate obnoxious Russian behavior. Unfortunately, they did not consult with us or others, did not make clear what the CSCP would be, and now find the whole idea overtaken Russia's recognition of Abkhazia and South Ossetia. (2) The government has been hesitant on US intelligence collection proposals and our Navy straits transit requests. It is concerned that these may further provoke tension, fears the possibility of an August 1914-like spiral out of control in the eastern Black Sea, and believes

that the Montreux convention limits on warship passage through the Turkish Straits are one instrument for preventing this. As of this writing, however, they have agreed to all our formal requests.

14. (S) PM Erdogan will look for a sense from you of our strategy on Russia/Georgia and how our day-to-day requests of Turkey relate to it. Stung by criticism that he is handling relations with the West over Georgia badly, Erdogan will be looking for a sense of what active role Ankara can play in a region where Turkey has vital interests. You may wish to note that while the CSCP may have merit over time, pursuing it now while Russian troops roam throughout Georgia sends the wrong signal and undercuts Turkey's and our interests there (whatever Saakashvili's flaws). On a different front, you may wish to urge continued progress on normalizing relations with Armenia. On the same day as your meeting with Erdogan, a Turkey-Armenia soccer match takes place in Yerevan to which President Gul has been invited. If he goes, it will be good not only for Turkish-Armenian relations but also as a powerful alternative vision for the Caucasus that isn't under a Kremlin thumb.

Energy

15. (C) Turkey is obsessed with the need for additional energy supplies both to diversify away from over-reliance on Russia and Iran and to meet rising demand. A nuclear power tender comes due in mid-September (GE leads one of the interested consortia), there is fitful attention to alternative sources in this wind and sun-rich country, and interest in both Caspian and Iraqi gas is acute. So much so that despite the fact that Nabucco is Erdogan's stated number one energy priority, his energy ministry has attached such a high price tag in terms of Caspian gas that must be reserved for the Turkish market as to crowd out downstream Nabucco customers, blocking other work to get the pipeline financed and built.

16. (C) Boyden Grady tried during a visit in early July to urge Erdogan promptly to reach a gas supply understanding with President Aliyev that would unlock the next steps on Nabucco. Little has happened since, but energy was a topic during two summer visits by Erdogan to Azerbaijan, and Turkey's energy minister goes to Astana, Ashgabat and Baku shortly. You may wish to reiterate the urgent need for progress on Nabucco now and could add that doing so may partially reassure the former Soviet states now anxious about Russia's longer-term motives.

Iran

17. (S) Since you were here in March, FM Babacan has met with FM Mottaki and other Iranian leaders at least five times, and President Ahmadinejad paid a controversial visit to Istanbul August 14-15. The Turks have privately pressed Iran repeatedly to accept the P5/1 offer, aware of the costs to their interests if diplomacy fails. There has been less equivocation by Turkish leaders since Erdogan's waffling to you in March, but you may wish again to urge more teeth in Turkey's approach if diplomacy is to have any chance and to note that this will be more necessary if Russia becomes less cooperative on the Iran nuclear file. You may also want to urge great caution on any further energy dealings with Iran. Ankara did not take further steps during Ahmadinejad's visit to bring to fruition a vague, July 2007 MOU on possible natural gas cooperation and investment in Iran; non-action should remain Turkey's posture.

Iraq/PKK

18. (S) The aggravation that you heard from CHOD Gen. Buyukanit about how the US (Secretary Gates, in particular) handled the end of Turkey's ground incursion into northern Iraq in February has passed. His replacement, in public remarks August 28, called US-Turkish mil-mil relations "perfect." Turkish air and artillery strikes continue when there is a target, but there hasn't been much controversy in recent weeks. The PKK's annual autumn return to base may revive interest in a land forces assault on them in coming

months, and we're watching this. While the organization seems divided and weakened, PKK violence -- including in the western cities of Izmir and Mersin -- is on the upswing. The government has announced economic development plans for the southeast and Kurdish language broadcasting, but no real political-social-economic strategy for separating the population from the PKK has materialized, and PKK recruitment is reportedly up. With Iraq itself, Erdogan followed up President Talabani's trip to Ankara in early March by visiting Baghdad in July -- the first Turkish PM there since 1990 and the first regional leader other than Ahmadinejad since before 2003. Erdogan and PM Maliki signed a strategic cooperation agreement. Engagement with the KRG PM Nechirvan Barzani has gone forward, too.

¶9. (C) You may wish to reiterate our commitment to continue working the PKK problem with Turkey, welcome and encourage more engagement with the Iraqis and Iraqi Kurds, and urge more vigorous and visible steps to deal comprehensively with the underlying issues exploited by the PKK in Turkey's southeast.

Turkish Reform

¶10. (C) PM Erdogan's administration was strengthened by the Constitutional Court's July 30 decision to fine, but not close, the ruling AKP. The jury is still out as to whether Erdogan views the decision as a victory or a warning; a government agenda focused on liberalizing, EU-related reforms and economic development will help discourage fears of continued polarization and political tension. The opposition remains primed to contest any step the government tries to take, and local elections next March are likely to distract politicians from tackling controversial issues. You may wish to urge Erdogan to pursue EU-related reforms in the most vigorous way possible and to more effectively make the case for the EU to his people.

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